

FISCAL NOTE

HB 1723 - SB 1984

March 23, 2007

SUMMARY OF BILL: Broadens authorized uses of annual leave, compensatory leave, and sick leave upon retirement by state employees and teachers. The bill authorizes the option of a lump sum payment of unused sick leave upon retirement.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – Exceeds \$25,000,000

Increase Local Govt. Expenditures* - Net Impact – Exceeds \$30,000,000

**Other Fiscal Impact – Increase Federal/Other Expenditures –
Exceeds \$5,000,000**

Assumptions:

- State employees and teachers will take lump sum payments of unused sick leave upon retirement.
- Annual retirees: state government – 900; higher education – 500; teachers – 2250, for a total of 3,650.
- Annual net costs for state government and higher education will exceed \$30 million for approximately 1400 retirees per year.
- Annual net costs for local governments will exceed \$30 million for approximately 2250 retired teachers per year.
- A cost savings to the retirement program from a decrease in the lump sum pension liability. The total savings amortized over 20 years is estimated to exceed \$1.8 million (\$1.3 million state government, \$500,000 local government entities).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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